

# Office of Attorney General Terry Goddard



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## **Terry Goddard Announces Settlement Over Deceptive Home Rescue Program**

(Phoenix, Ariz. – Dec. 21, 2006) Attorney General Terry Goddard today announced a settlement with Deed and Note Traders, Inc. (DNT), a Tucson-based “foreclosure assistance” company. The settlement resolves allegations that its HomeSavers program was deceptive in offering consumers who faced foreclosure a simple way to save their homes.

The settlement requires the company to change its business practices and pay restitution to customers who took part in the HomeSavers program.

The complaint alleged that DNT targeted consumers in foreclosure and paid them a nominal amount of money (in one case, \$25) for their homes, then permitted the consumers to lease back their homes and re-purchase them in about 24 months. The State alleged that the HomeSavers program was deceptive and misleading because DNT did not save consumers’ homes, and in most cases, the consumers were evicted.

The complaint also alleged that DNT’s Rent-to-Own program was deceptive: DNT targeted consumers with credit problems by offering a “NO QUALIFYING” way for consumers to purchase homes. The State alleged that consumers rarely were able to purchase the homes they were renting because the company set up too many financial hurdles for consumers to overcome.

This settlement does not constitute an admission of liability by Deed and Note Traders.

According to the settlement:

- DNT must allow consumers who still live in their homes an opportunity to re-purchase them at a discounted price.
- DNT must provide to eligible consumers who are no longer living in their homes restitution equal to the equity lost to DNT. Refunds will range from \$1,709 to \$43,566.
- DNT is prohibited from engaging in any type of “foreclosure assistance.”
- DNT must finance the purchase of consumers’ homes for those consumers who continue to lease from DNT. The company must provide financing for a minimum of 15 years to consumers for the purchase price of their homes on terms consumers have the ability to pay.

- DNT must abide by the conditions outlined in the settlement to provide Rent-to-Own transactions. For example, DNT must possess the consumer's completed credit application and other documentation that establishes creditworthiness and ability to pay the rent. The State had alleged that DNT did not check consumers' creditworthiness in the past because DNT never intended that they would be able to buy the properties they were renting.
- DNT will pay the Attorney General's Office \$200,000 for the cost of the investigation.

A copy of the settlement is attached. Pima County Superior Court Judge John Kelly approved the settlement. Assistant Attorney General Noreen Matts handled this case for the Attorney General's Office.

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